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Judges and Rewald's Defense Case

Through years of overuse by busboys trying to impress their dates, the whispered words "I work undercover for the CIA" have become hackneyed. But to Ronald Ray Rewald, whose Honolulu investment firm was declared bankrupt in 1983 at an estimated loss of \$11 million to hundreds of investors, the claim of a Central Intelligence Agency connection is the heart of his defense against 100 criminal counts of fraud and perjury.

Rewald insists that he set up and ran his investment company—Bishop, Baldwin, Rewald, Dillingham & Wong—as a front for CIA covert operations in the Pacific. His defense is that the CIA caused his company's financial troubles and is disavowing any agency responsibility.

My associates Indy Badhwar and Dale Van Atta have found evidence that Rewald's links to the agency were more solid than the CIA admits.

Yet, as I've reported, Martin Pence, the judge in a civil suit against Rewald, has kept Rewald's attorneys from examining reams of the investment firm's documents, which they are confident would establish their client's CIA connections.

Now Harold Fong, the federal judge who will preside over Rewald's criminal trial, is showing the same signs of cutting Rewald's defense off at the knees.

Fong has declared that the CIA is not an issue in the Rewald case. Then, he disqualified Rewald's defense attorney because the lawyer represents a man in Alexandria, Va., who, like Rewald, blames his legal troubles on his claimed employment by the CIA.

The Alexandria defendant says he took orders from a CIA agent who was on the board of directors of Bishop, Baldwin, the Rewald firm.

This, according to Fong, creates a "conflict" for A. Brent Carruth, the lawyer Rewald wants to defend him. Carruth is recognized as one of the few attorneys with experience in the requirements of the Classified Information Procedures Act.

In an affidavit, Carruth argued that both his clients depend on the "common defense" that Bishop, Baldwin "was a CIA company store . . . established by the CIA, run by the CIA and now covered up by the CIA." Carruth wrote that his representation would benefit both clients.

Carruth says that the judge in the Alexandria case ordered the CIA to turn over to Carruth classified information that related to Bishop, Baldwin. If Carruth is allowed to remain Rewald's lawyer, this information would be available to Rewald. That's what bothers the prosecution, he wrote.

"The CIA desires to handpick the Rewald defense attorney," Carruth charged, by disqualifying the defendant's choices "until magically their chosen successor takes the assignment." The "conflict" argument, he wrote, "is raised as a smokescreen . . ."

If anyone has a conflict of interest, Carruth argued, it is the government, which has brought in as a prosecutor Maj. John Peyton, former chief of litigation for the CIA. He also will be a witness in the Alexandria case, testifying about Rewald's investment firm.